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Rep. Linda T. Sanchez

Answer for the Social Security Subcommittee Hearing on 2100: A Sacred Trust

Hispanics constitute the nation's largest minority group, and the Census Bureau projects the Hispanic share of both the overall and the retirement-age U.S. population to increase substantially in the next three decades. Compared with other racial/ethnic groups, Hispanic adults have the lowest rates of high school and college graduation, are more concentrated in low-wage jobs, and have lower incomes and health insurance coverage. However, Hispanics' life expectancy is greater than that of other population groups. These trends underscore the importance of effective outreach to Hispanics to improve their understanding of Social Security and to enhance their retirement security overall. Social Security is the major source of income for approximately two-thirds of the nation's older adult populations, and it helps to lift millions of people out of poverty each year. It is especially important to Latinos, who fare better under Social Security than most other groups of Americans.

Social Security protects families if a worker retires, becomes disabled, or dies. These guaranteed insurance benefits are especially crucial to people of color who tend to have fewer alternative resources, become disabled at higher rates, and rely on Social Security's family benefit features disproportionately. Social Security provides many Hispanic older adults with their sole or primary source of income in retirement. While Social Security is not expected to be only one part of a person's retirement income, many minorities rely on it for a large share. Because Hispanics tend to have lower earnings and less pension coverage than white Americans, Social Security is extremely important for Hispanic retirees. In 2017, among Hispanics receiving Social Security, 40 percent of older adult married couples and 61 percent of older adult unmarried persons relied on Social Security for 90 percent or more of their income.

Communities of color rely more heavily on Social Security due to a lack of other income in retirement, especially income from assets. In 2016, white families had about six times more in average liquid retirement savings than Hispanic families. This is because workers with lower earnings have a harder time saving.

Hispanic older adults are more dependent on Social Security than others because they are more likely to be living in poverty than non-Hispanic elderly. They are also more likely to have been poor prior to old age than non-Hispanic. Social Security reduces poverty for Hispanic older adults. In 2017, the average annual Social Security income received by Hispanic men 65 years and older was \$14,414 and \$11,986 for women. This compares to \$18,785 for all men and \$14,923 for all women.

In 2018, 19.5 percent of Hispanics 65 years old and older had income below the poverty line, compared to 7.3 percent of white elderly. Without Social Security, 47.2 percent of Hispanics would be living in



poverty. With longer life expectancies than men, older adult women tend to live more years in retirement and have a greater chance of exhausting other sources of income. They benefit from Social Security's cost-of-living protections because benefits are annually adjusted for inflation. Women represent 55.3 percent of all Social Security beneficiaries age 62 and older and approximately 63.9 percent of beneficiaries age 85 and older. Additionally, the Social Security system is progressive in that lower-wage earners receive a higher percentage benefit than higher-wage earners do. The system returns a greater percentage of pre-retirement earnings to a lower wage worker than to a higher-wage worker. Women who are low-wage workers receive back more benefits in relation to past earnings than do high-wage earners.

Sincerely,

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